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**ST. MARY PARISH WARDS 5 AND 8 JOINT SEWERAGE COMMISSION
STATE OF LOUISIANA**

Annual Component Unit Financial Statements with Independent Auditors' Report

And

Report on Internal Control Over Financial Reporting and Compliance and Other Matters

For the Years Ended September 30, 2005 and 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-26-06

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Mary Parish Wards 5 and 8
Joint Sewerage Commission
Berwick, Louisiana

We have audited the accompanying financial statements of the business-type activities and the major fund of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission, a component unit of St. Mary Parish, as of and for the year ended September 30, 2005, which collectively comprise the Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2004, were audited by other auditors whose report dated February 28, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

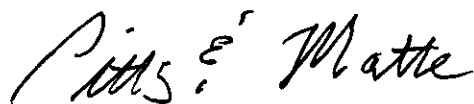
In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2005 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Commission has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2006, on our consideration of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's basic financial statements. The schedule listed in the table of contents as Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

March 28, 2006

A handwritten signature in cursive script that reads "Pitts & Matte".

CERTIFIED PUBLIC ACCOUNTANTS

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWERAGE COMMISSION
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF NET ASSETS
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 34,736	\$ 387,809
Due from other governmental units	146,099	63,074
Prepaid insurance	27,019	27,018
Total current assets	<u>207,854</u>	<u>477,901</u>
NONCURRENT ASSETS:		
Property, Plant, and Equipment at cost (net of accumulated depreciation of \$670,611 for 2005 and \$590,340 for 2004)	1,464,323	1,003,435
Total noncurrent assets	<u>1,464,323</u>	<u>1,003,435</u>
OTHER ASSETS:		
Deposits	2,402	2,402
TOTAL ASSETS	<u>\$ 1,674,579</u>	<u>\$ 1,483,738</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 28,593	\$ 34,990
Retainage payable	43,380	-
Payroll taxes payable	-	1,768
Retirement payable	-	1,707
Total current liabilities	<u>71,973</u>	<u>38,465</u>
NONCURRENT LIABILITIES:		
Due to participants	99,110	99,110
TOTAL LIABILITIES	<u>171,083</u>	<u>137,575</u>
NET ASSETS:		
Invested in capital assets	1,464,323	1,003,435
Restricted for repairs and replacements	3,488	-
Unrestricted	35,685	342,728
Total net assets	<u>1,503,496</u>	<u>1,346,163</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,674,579</u>	<u>\$ 1,483,738</u>

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWERAGE COMMISSION
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services	\$ 530,518	\$ 508,671
TOTAL OPERATING REVENUE	<u>530,518</u>	<u>508,671</u>
OPERATING EXPENSES:		
Advertising	325	
Truck and fuel	18,356	15,920
Chemicals	16,756	11,231
Insurance	51,980	45,237
Secretary/bookkeeping	4,550	4,200
Legal and accounting	4,890	4,963
Miscellaneous	582	598
Supplies	17,646	9,145
Repairs and maintenance	139,585	152,159
Equipment rental	22,467	17,890
Salaries	86,775	67,889
Taxes - payroll	1,784	1,368
Utilities	118,710	88,504
Retirement	9,472	6,248
Engineering	34,732	23,948
Depreciation	80,271	80,486
Lab fees	15,325	12,946
Uniforms	2,269	1,608
Board meetings	3,250	3,000
Telephone	8,034	5,222
Water surveillance	12,074	12,677
Grass cutting	10,440	10,440
TOTAL OPERATING EXPENSES	<u>660,273</u>	<u>575,679</u>
INCOME (LOSS) FROM OPERATIONS	<u>(129,755)</u>	<u>(67,008)</u>
NON-OPERATING REVENUE:		
Interest income	<u>1,890</u>	<u>2,345</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(127,865)	(64,663)
Contributions, intergovernmental		
St. Mary Parish Government	142,600	
St. Mary Parish Water and Sewer Commission No. 2	71,299	
Town of Berwick	71,299	-
	<u>285,198</u>	<u>-</u>
CHANGE IN NET ASSETS	157,333	(64,663)
NET ASSETS, BEGINNING OF YEAR	<u>1,346,163</u>	<u>1,410,826</u>
NET ASSETS, END OF YEAR	<u>\$ 1,503,496</u>	<u>\$ 1,346,163</u>

ST. MARY PARISH WARDS 5 AND 8 SEWERAGE COMMISSION
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Received from participants	\$ 447,493	\$ 560,315
Paid to suppliers and employees	<u>(546,494)</u>	<u>(519,074)</u>
Net cash provided (used)	<u>(99,001)</u>	<u>41,241</u>
Cash flows from noncapital financing activities:		
Intergovernmental contributions	<u>285,198</u>	<u>-</u>
Net cash provided	<u>285,198</u>	<u>-</u>
Cash from capital and related financial activities:		
Acquisition and construction of capital assets	<u>(541,160)</u>	<u>(138,042)</u>
Net cash (used)	<u>(541,160)</u>	<u>(138,042)</u>
Cash flows from investing activities:		
Interest income	<u>1,890</u>	<u>2,345</u>
Net cash provided	<u>1,890</u>	<u>2,345</u>
Net (decrease) increase in cash and cash equivalents	(353,073)	(94,456)
Cash and cash equivalents at beginning of year	<u>387,809</u>	<u>482,265</u>
Cash and cash equivalents at end of year	<u>\$ 34,736</u>	<u>\$ 387,809</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (Loss)	\$ (129,755)	\$ (67,008)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	80,271	80,486
(Increase) decrease in due from other governments	(83,025)	51,644
(Increase) in prepaid insurance		(1,802)
(Decrease) increase in accounts payable	(6,397)	(21,266)
(Decrease) increase in retainage payable	43,380	
(Decrease) increase in payroll taxes	(1,768)	79
(Decrease) increase in retirement payable	<u>(1,707)</u>	<u>(892)</u>
Net cash provided (used) by operating activities	<u>\$ (99,001)</u>	<u>\$ 41,241</u>

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWERAGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission was established in May, 1984, by an intergovernmental agreement between the participants, the Town of Berwick, the City of Patterson, the Parish of St. Mary, and Sewerage District No. 2 of the Parish of St. Mary, State of Louisiana. The Commission's sole responsibility and duty is to maintain, operate, and administer the sewerage treatment facility that is jointly owned by the participants.

During the year ended September 30, 1995, the St. Mary Parish Council entered into an agreement to transfer their ownership interest in the sewerage treatment facility to two of the Parish Council's component units, Sewerage District No. 2 and Sewerage District No. 8. In October, 2000, the St. Mary Parish Council combined Waterworks District No. 2 and Sewerage District No. 2 to create St. Mary Parish Water and Sewer Commission No. 2. These component units of the Parish of St. Mary are currently participants in the funding of the operations of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission.

The following participants funded the operation of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2005 and 2004.

1. Town of Berwick
2. City of Patterson
3. St. Mary Parish Water and Sewerage Commission No. 2
4. St. Mary Parish Sewerage District No. 8

The accounting and reporting practices of the Commission conform to generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission has not presented a Management's Discussion & Analysis (M D & A) that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following is a summary of the significant accounting policies used in preparing the financial statements:

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Commission is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the Commission.

B. Basis of Accounting

The financial statements of the Commission are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the Commission has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary Fund Type

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Commission come from sales to municipal and other governmental customers. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Internal Service Fund

An Internal service fund is a proprietary type fund that is used to account for any activity that provides goods or services to other governments, on a cost-reimbursement basis. St. Mary Parish Wards 5 and 8 Joint Sewerage Commission is an internal service fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Revenues

The following is a summary of the Commission's recognition policies for its major revenue sources:

Charges for sewerage service is based upon usage and is recorded as revenue and receivables in the month the service is provided.

Investment earnings are recorded when earned.

D. Expenses

Expenses are recognized under the accrual basis of accounting where liabilities are recorded at the time expenses are incurred.

E. Budgets and Budgetary Accounting

The St. Mary Parish Wards 5 and 8 Joint Sewerage Commission is not legally required to and does not adopt a budget.

F. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturates of less than three months.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

H. Property, Plant, and Equipment

Fixed assets including sewer lines, pump stations and all other sewerage disposal assets are capitalized in the propriety fund. Property, plant and equipment owned by the proprietary fund is recorded at cost or, if contributed property, at their market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over estimated useful lives using the straight-line method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimated useful lives are as follows:

Buildings and improvements	10-25 years
Equipment	7-15 years
Vehicles	5-10 years

I. Accumulated Vacation, Compensatory Time and Sick Leave

Accumulated vacation, compensatory time and sick leave are recorded as an expense of the period in which paid. At September 30, 2005 and 2004 unrecorded liabilities for the above are immaterial.

J. Equity Classifications

Equity is classified as net assets and displayed in three components – invested in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets– This component of net assets consists of capital assets net of accumulated depreciation.
- Restricted – This component of net assets consists on net asset with constraints imposed by the Board to restrict certain funds for repairs and replacements of the sewerage system.
- Unrestricted net assets – This component of net asset consist of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

K. Reclassification

Certain items have been reclassified from the prior year financial statements in order to make these financial statements more comparative.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Commission does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the Commission does not have a formal investment policy related to credit risk (including concentrations of credit). However the Commission does follow state law as to limitations on types of deposits and investments as described below.

The Commission does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the Commission may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end 2005 and 2004 the carrying amount of the Commissions cash was \$34,736 and \$387,809 respectively and the bank balances were \$118,832 and \$390,919 respectively.

In both years a portion of these balances were covered by federal depository insurance, the uninsured portion of \$18,832 in 2005 and \$290,919 in 2004 were collateralized with securities held by the financial institution but not in the Commission's name.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units are amounts due from each participant for unpaid user fees of the sewerage system and capital contributions. Amounts due from other governmental units consisted of the following:

User Fees:	<u>9/30/05</u>	<u>9/30/04</u>
St. Mary Parish Water and Sewer		
Commission No. 2	\$17,728	\$14,693
Sewerage District No. 8	9,977	10,078
Town of Berwick	31,030	12,768
St. Mary Parish Government	1,321	
City of Patterson	<u>49,038</u>	<u>25,535</u>
	<u>109,094</u>	<u>63,074</u>
Capital Contributions:		
St. Mary Water and Sewer		
Commission No. 2	7,385	
Town of Berwick	14,852	
St. Mary Parish Government	<u>14,768</u>	<u>--</u>
	<u>37,005</u>	<u>--</u>
Total due from other governmental units	<u>\$146,099</u>	<u>\$63,074</u>

NOTE 4 - FIXED ASSETS

CAPITAL ASSETS

Capital asset and depreciation activity for the years ended September 30, 2004 and 2005 is as follows:

	Balance 9/30/2003	Increases	Decreases	Ending Balance 9/30/2004	Increases	Decreases	Reclass- ifications	Ending Balance 9/30/2005
Capital assets not being depreciated:								
Construction in process	-	-	-	-	\$ 21,553	-	\$ 16,593	\$ 38,146
Total capital assets not being depreciated	-	-	-	-	21,553	-	16,593	38,146
Other capital assets:								
Buildings and improvements	\$ 973,988	\$ 134,829		\$ 1,108,817	519,606		(16,593)	1,611,830
Equipment	449,266	3,213		452,479				452,479
Vehicles	32,479	-	-	32,479	-	-	-	32,479
Total other capital assets at historical cost	1,455,733	138,042	-	1,593,775	519,606	-	(16,593)	2,096,788
Less accumulated depreciation for:								
Buildings and improvements	230,693	41,375		272,068	43,613			315,681
Equipment	248,497	37,296		285,793	36,658			322,451
Vehicles	30,664	1,815	-	32,479	-	-	-	32,479
Total accumulated depreciation	509,854	80,486	-	590,340	80,271	-	-	670,611
Other capital assets, net	945,879	57,556	-	1,003,435	439,335	-	-	1,426,177
Total capital assets, net	\$ 945,879	\$ 57,556	-	\$ 1,003,435	\$ 460,888	-	-	\$ 1,464,323

Depreciation expense was approximately \$80,000 for each of the years ended September 30, 2005 and 2004.

NOTE 5 - DUE TO PARTICIPANTS

The following is a list of the total advances received from the following governmental units as of September 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Sewerage District No. 8	\$4,518	\$4,518
Town of Berwick	27,993	27,993
City of Patterson	31,292	31,292
St. Mary Parish Council	15,820	15,820
St. Mary Parish Water and Sewer Commission No. 2	<u>19,487</u>	<u>19,487</u>
	<u>\$99,110</u>	<u>\$99,110</u>

NOTE 6 - PENSION PLAN

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission contributes to the Parochial Employees' Retirement System of Louisiana (Plan A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees consisting of seven members. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The System was established by the Louisiana legislature by Act 205 of 1952 and revised by Act 765 of 1979. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by calling the Parochial Employees' Retirement System of Louisiana at (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary and St. Mary Parish Wards 5 and 8 Joint Sewerage Commission is required to contribute at a rate established by the State Legislature. The current rate is 12.75% of annual covered payroll. The Commission's actual contributions to the System for the years ending September 30, 2005, 2004, and 2003 were approximately \$9,500, \$6,200, and \$4,300, respectively; and equal the required contributions for each year.

NOTE 7 - SEWERAGE FEES

In order to defray the cost of maintaining the system, St. Mary Parish Wards 5 and 8 Joint Sewerage Commission charges each participant \$1.30 per thousand gallons of water consumed by each participant's water customers. (Prior to August 1, 2005, the rate was \$1 per thousand gallons of water). The Commission has set aside 15 cents of each \$1.30 charged in a money market account specifically for any repairs paid by the Commission. The other \$1.15 goes toward operating expenses. As of September 30, 2005 and 2004, the balance in the repair & maintenance account was \$3,488 and \$34,960 respectively.

NOTE 8 - RELATED PARTIES - INTERGOVERNMENTAL AGREEMENT

The Commission entered into an agreement with the Town of Berwick, the St. Mary Parish Council, St. Mary Parish Water and Sewer Commission No. 2, and a private entity to provide water and sewerage utilities to an area not previously served. The Commission will be the lead agency for implementing and constructing the sanitary sewerage components of the project and will maintain and operate the sanitary sewerage components. The project was substantially complete at year end. The Commission paid invoices for the project components on a monthly basis. All other contributing parties agreed to reimburse the Commission on a monthly basis for their respective share of the cost incurred. Each parties' share of costs and costs incurred through September 30, 2005 are:

	<u>Share Of Costs</u>	<u>Costs Incurred</u>
St. Mary Parish Wards 5 and 8 Joint Sewerage Commission	50%	\$285,198
Town of Berwick	12.5%	71,299
St. Mary Parish Council	25%	142,600
St. Mary Parish Water and Sewer Commission No. 2	<u>12.5%</u>	<u>71,299</u>
Total costs incurred	100%	<u>\$570,396</u>

NOTE 9 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the years ended September 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
	<u>Amount</u>	<u>Amount</u>
Larry Mendoza	\$ 400	\$ 600
Floyd Verret	600	600
Barry Dufrene	600	600
Tony Hensgens	600	600
Rafael Lopez	600	600
David Lowery	<u>200</u>	
	<u>\$3,000</u>	<u>\$3,000</u>

NOTE 10 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

OTHER SUPPLEMENTAL SCHEDULES

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWERAGE COMMISSION
STATE OF LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
For the year ended September 30, 2005
(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Exp. Date</u>
American International Co.	Public Officials Errors & Omissions	Aggregate \$ 1,000,000	12/16/2005
All State Co.	Commercial Property	Building & Contents \$ 264,051 \$ 1,423,250	7/2/2006
AAIC Ins. Co.	Auto	Combined \$ 1,000,000	7/2/2006
LWCC Ins. Co.	Worker's Compensation	Ea. Accident \$ 1,000,000 Aggregate \$ 1,000,000	7/2/2006
AAIC Ins. Co.	General Liability	Aggregate \$ 3,000,000 Ea. Occurrence \$ 1,000,000	7/2/2006
AAIC Ins. Co.	Commercial Umbrella	Aggregate \$ 1,000,000	7/2/2006

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND
OTHER MATTERS SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
St. Mary Parish Wards 5 and 8
Joint Sewerage Commission
Berwick, Louisiana

We have audited the financial statements of business-type activities and the major fund of St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of and for the year ended September 30, 2005, which collectively comprise the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's basic financial statement and have issued our report thereon dated March 28, 2006, which contains an additional paragraph. The paragraph states that management elected to omit Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

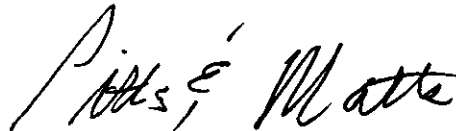
In planning and performing our audit, we considered St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A description of these reportable conditions are included in the material weakness section of this report as items no. 2005-1 and 2005-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Mary Parish Wards 5 and 8 Joint Sewerage Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of the management of the Commission, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2006

**ST. MARY PARISH
WARDS 5 AND 8 JOINT SEWERAGE COMMISSION**

Schedule of Findings, Questioned Costs and Federal Awards
For the Year Ended September 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission.
2. Report on Internal Control Over Financial Reporting and Compliance and Other Matters

Internal Control

There were two reportable conditions in internal control over financial reporting noted during the audit of the financial statements. These conditions are reported as material weaknesses.

Compliance and Other Matters

There were no material instances of noncompliance noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended September 30, 2005.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

ITEM 2005-1

Segregation of Duties

Auditors' Comments

Condition: While performing audit tests and inquiring about internal control, we discovered that there is very little segregation of duties within the Commission's accounting function.

Criteria: Ordinarily, the accounting duties performed in an organization are segregated to reduce possible errors or irregularities that could occur in the accounting records and not be detected.

Effect: Lack of segregation of duties results in a material weakness in internal accounting controls.

Cause: The Commission has limited personnel.

Management's Comments

We have reviewed this situation and have decided that the additional controls derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel costs.

ITEM NO. 2005-2

Accounts Receivable

Auditor's Comments

Condition: During the course of the audit we noted that a detail listing of receivables is not maintained. We also noted that the Commission was unaware of a valid receivable, for approximately \$12,000, that had not been paid for nine months.

Criteria: A detailed listing of amounts receivable should be maintained at all times. This is the only way the Commission is aware of amounts due to be received.

Effect: Without a detailed accounts receivable listing, there is no way to determine amounts due to the Commission. There could be a loss of validly earned revenue.

Cause: The Commission does not have a system to properly monitor outstanding invoices.

Recommendation: Management should establish a system to maintain a detail listing of accounts receivable and this listing should be balanced to the general ledger on a monthly basis. Any old outstanding amounts should be investigated and collected on a timely basis.

Management's Comments

We will implement a system to maintain a detailed listing of accounts receivable and balance it to the general ledger on a monthly basis. We will also review the listing on a monthly basis.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2005.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY PARISH
WARDS 5 AND 8 JOINT SEWERAGE COMMISSION

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND
OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS

Internal Control

Material Weakness

Item 04-1 Lack of Segregation of Duties

Condition: While performing audit tests and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the Commission's accounting function.

Corrective Action: We have reviewed this situation and decided that the additional personnel costs outweigh the additional controls that would be derived.

Management Letter Item

Publication of Official Proceedings

Condition: It was noted during the audit that our minutes, ordinances, and other official proceedings were not being published as required by state law.

Corrective Action: This has been corrected.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.

WARDS 5 & 8 SEWER TREATMENT FACILITIES

**P. O. BOX 181
BERWICK, LA 70342
985 395-4944**

March 29, 2006

Mr. Steve Theriot, CPA
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission respectfully submits the following corrective action plan for our year ended September 30, 2005.

CORRECTIVE ACTION:

Person Responsible:	Mr. Tony Hensgens, Chairman St. Mary Parish Wards 5 and 8 Joint Sewerage Commission P.O. Box 181 Berwick, LA. 70342
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Material Weaknesses:

RE: Item No. 2005-1 Segregation of Duties

Auditors' Comment: While performing audit test and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the commission's accounting function.

Corrective Action: We have reviewed this situation and have decided that the additional controls derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel costs.

RE: Item No. 2005-2 Accounts Receivable

Auditors' Comment: Our auditors noted that we did not maintain a detailed listing of account receivable and that we were unaware of a valid receivable that was nine months past due.

Corrective Action: We will implement a system to maintain a detailed listing of accounts receivable. We will review the listing and balance it to the general ledger on a monthly basis.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action, contact the undersigned.

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission

A handwritten signature in black ink, appearing to read "Tony Hensgens", with a long horizontal flourish extending to the right.

Tony Hensgens
Chairman